MUSICK, PEELER & GARRETT LLP 1 ATTORNEYS AT LAW ONE WILSHIRE BOULEVARD, SUITE 2000 2 LOS ANGELES, CALIFORNIA 90017-3383 TELEPHONE: 213-629-7600 FACSIMILE 213-624-1376 3 Robert G. Warshaw (State Bar No. 140184) 4 r.warshaw@mpglaw.com Stephen M. Green (State Bar No. 201626) s.green@mpglaw.com 5 Attorneys for Third Party Defendant G.J. SULLIVAN CO. EXCESS & SURPLUS LINES BROKERS (erroneously sued as G.J. SULLIVAN INSURANCE CO.) 8 UNITED STATES DISTRICT COURT 9 CENTRAL DISTRICT OF CALIFORNIA 10 11 STAR INSURANCE COMPANY, a CASE No. SACV13-1930 DOC Michigan Corporation, 12 (DFMx) Plaintiff, 13 VS. 14 SUNWEST METALS, INC., a 15 California Corporation, 16 Defendant. ANSWER TO COUNTERCLAIM 17 AND THIRD PARTY COMPLAINT SUNWEST METALS, INC., OF SUNWEST METALS, INC. 18 Counterclaimant and Third 19 Party Plaintiff, 20 VS. 21 STAR INSURANCE COMPANY, a Michigan Corporation; THOMAS DUNLAP INSURANCE AGENCY, 22 23 LLC, a California Limited Liability Company; DEAN T. DUNLAP, an individual; THOMAS R. DUNLAP, an individual; G.J. SULLIVAN 24 INSURANCE CO., a California 25 Corporation and DOES 1 through 10, inclusive, 26 Counter-Defendant and 27 Third Party Defendants. 28

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(erroneously sued as G.J. Sullivan Insurance Co.) ("Sullivan"), by and through its undersigned counsel of record, states the following as its Answer to the Counterclaim and Third Party Complaint of Defendant, Counterclaimant and Third

Party Plaintiff Sunwest Metals, Inc. ("Sunwest") ("Third Party Complaint").

Third Party Defendant G.J. Sullivan Co. Excess & Surplus Lines Brokers

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PARTIES

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- 1. Sullivan admits that Sunwest is a corporation that maintains its principal place of business in Orange County, California. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 1 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

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2. Sullivan admits the allegations in paragraph 2 of the Third Party Complaint.

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administered claims on behalf of Star Insurance Company ("Star"). Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 3 of the Third Party

Sullivan admits that Meadowbrook provided underwriting services and

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Complaint, and on that basis denies the allegations in that paragraph.

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4. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 4 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

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5. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 5 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

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6. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 6 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

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- 7. Sullivan admits the allegations in paragraph 7 of the Third Party Complaint.
- Sullivan admits that in May 2011, Dunlap Insurance and it entered a 8. Producer's Agreement, which speaks for itself. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 8 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 9. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 9 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

JURISDICTION AND VENUE

- 10. Sullivan admits that Star initiated this litigation by filing a Complaint against Sunwest on or about December 12, 2013, which seeks Rescission and Reimbursement. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 10 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 11. Sullivan admits that venue of this action is proper in this judicial district, and that the Court has jurisdiction of the parties and claims identified in the Third Party Complaint. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 11 of the Third Party Complaint, and on that basis denies the allegations 23 in that paragraph.
 - Sullivan admits that the Court has jurisdiction of the parties and claims 12. identified in the Third Party Complaint. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 12 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

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13. Sulli	van admits that the Court	t has jurisdiction of the parties and claims	
identified in the T	Third Party Complaint. E	xcept as expressly admitted, Sullivan is	
without sufficient knowledge or information to form a belief as to the truth of the			
allegations in paragraph 13 of the Third Party Complaint, and on that basis denies			
the allegations in	that paragraph.		

- Sullivan admits that the Court has jurisdiction of the parties and claims 14. identified in the Third Party Complaint. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 14 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- Sullivan admits the allegations in paragraph 15 of the Third Party 15. Complaint.

NATURE OF THE LITIGATION

- Sullivan admits that Sunwest is a recycling company based in Orange 16. County, California.
- Sullivan admits that this case arises out of, in part, the brokering by Dean Dunlap, Thomas Dunlap and Dunlap Insurance (collectively hereinafter "Dunlaps") through Sullivan of insurance policies issued by Star to Sunwest. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 16(a) of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- b. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 16(b) of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- Sullivan admits that this case arises out of, in part, a fire loss at Sunwest's business premises on or about April 21, 2013, and Sunwest's claim for policy benefits concerning that loss under insurance policies issued by Star which were brokered by Dunlaps and procured through Sullivan. Except as expressly

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admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 16(c) of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

d. Sullivan admits that this case arises out of, in part, Star's claim for rescission of insurance policies that it issued to Sunwest. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 16(d) of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

SUNWEST METAL'S RELATIONSHIP WITH DUNLAPS

- 17. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 17 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 18. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 18 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 19. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 19 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 20. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 20 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- Sullivan is without sufficient knowledge or information to form a belief 21. as to the truth of the allegations in paragraph 21 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

SULLIVAN INSURANCE'S RELATIONSHIP WITH DUNLAP AND SUNWEST METALS

22. Sullivan admits that Dunlaps has requested that Sullivan assist Dunlaps in obtaining quotes for insurance policies for Dunlaps' clients, like Sunwest. Except

as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 22 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

FORMATION OF STAR INSURANCE'S 2011-2012 INSURANCE POLICIES

- 23. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 23 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 24. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 24 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 25. Sullivan admits that on or about May 16, 2011, Dunlaps on behalf of Sunwest submitted unsigned Acord insurance applications dated May 3, 2011, loss runs, motor vehicle reports, a completed but unsigned scrap recycling supplemental questionnaire and a narrative of the proposed account to Sullivan, as Star's agent. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 25 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 26. Sullivan admits that on or about June 29, 2011, it sent a referral to Star's underwriting agent Meadowbrook including portions of the insurance application that Dunlaps had submitted to Sullivan on behalf of Sunwest, the unsigned scrap recycling supplemental questionnaire, loss runs and motor vehicle reports. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 26 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 27. Sullivan admits that on or about June 30, 2011, Michelle LeMoine of Meadowbrook sent an email to Sullivan, which correspondence speaks for itself. Sullivan denies that Meadowbrook conditioned Sullivan's authority to bind coverage for Sunwest upon Sullivan first commissioning or conducting a physical

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inspection of Sunwest's place of business. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 27 of the Third Party Complaint, and on that basis denies

the allegations in that paragraph.

28. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 28 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

- Sullivan admits that on or about July 7, 2011, Sullivan requested that Dunlaps provide, on behalf of Sunwest, additional information called for in the 10 scrap recycling supplemental questionnaire, and Sullivan admits that on the same date, July 7, 2011, Dunlaps provided additional information. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 29 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
 - 30. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 30 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
 - 31. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 31 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
 - 32. Sullivan admits that on or about August 12, 2011, it retained Pacific Inspections, Inc. to conduct a physical inspection of Sunwest's business premises. Except as expressly admitted, Sullivan denies the allegations in paragraph 32 of the Third Party Complaint.
 - 33. Sullivan denies the allegations in paragraph 33 of the Third Party Complaint.
 - Sullivan is without sufficient knowledge or information to form a belief 34. as to the truth of the allegations in paragraph 34 of the Third Party Complaint, and

on that basis denies the allegations in that paragraph.

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36. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 36 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

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37. Sullivan admits that on or about August 12, 2011, it retained Pacific Inspections, Inc. to conduct a physical inspection of Sunwest's business premises, which Pacific Inspections conducted on or about September 1, 2011, and which may or may not have included communications with Sunwest personnel. Sullivan further admits that its personnel did not communicate directly with Hanan Stanley or another management representative of Sunwest during the Summer of 2011. Except

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as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 37 of the Third Party

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Complaint, and on that basis denies the allegations in that paragraph.

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38. Sullivan admits that on or about June 29, 2011, it sent a referral to Star's underwriting agent Meadowbrook including portions of the insurance application that Dunlaps had submitted to Sullivan on behalf of Sunwest, the unsigned scrap recycling supplemental questionnaire, loss runs and motor vehicle reports. Sullivan further admits that on or about June 30, 2011, Meadowbrook sent an email to Sullivan requesting additional information, which email speaks for itself. Sullivan further admits that on or about July 7, 2011, it sent an email to Dunlaps, which speaks for itself. Except as expressly admitted, Sullivan denies the

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which speaks for itself. Except as expressly admitted, Sullivan denies the allegations in paragraph 38 of the Third Party Complaint.

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39. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 39 of the Third Party Complaint, including footnote 1, and on that basis denies the allegations in that paragraph and

footnote.

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- 40. Sullivan denies the allegations in paragraph 40 of the Third Party
- 41. Sullivan admits that the 2011 Supplemental Questionnaire states that Sunwest owned or operated a bailing press. Except as expressly admitted, Sullivan denies the allegations in paragraph 41 of the Third Party Complaint.
- 42. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 42 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- Sullivan admits that on or about July 7, 2011, Dunlaps sent an email to 43. Sullivan, which speaks for itself. Sullivan further admits that on or about July 8, 2011, Meadowbrook sent an email to Sullivan, which speaks for itself. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 43 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
 - Sullivan admits that Star, through its underwriting agent Meadowbrook, agreed to insure Sunwest. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 44 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
 - 45. Sullivan admits that the 2011 Supplemental Questionnaire states that Sunwest owned or operated a bailing press. Except as expressly admitted, Sullivan denies the allegations in paragraph 45 of the Third Party Complaint.
- Sullivan admits that Meadowbrook requested that a physical inspection 46. be conducted of Sunwest's business premises, but Sullivan denies that 26 | Meadowbrook conditioned Sullivan's authority to bind coverage for Sunwest upon Sullivan first commissioning that inspection. Except as expressly admitted or denied, Sullivan denies the allegations in paragraph 46 of the Third Party

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- 47. Sullivan admits that on or about August 12, 2011, it retained Pacific Inspections, Inc. to conduct a physical inspection of Sunwest's business premises, which Pacific Inspections conducted on or about September 1, 2011. Sullivan denies that Meadowbrook conditioned Sullivan's authority to bind coverage for Sunwest upon Sullivan first commissioning that inspection. Sullivan admits that it, acting on behalf of Star and with the prior approval of Meadowbrook as Star's underwriting agent, accepted Sunwest's property insurance as a risk underwritten by Meadowbrook on behalf of Star, and accepted Sunwest's premiums. Except as expressly admitted or denied, Sullivan denies the allegations in paragraph 47 of the Third Party Complaint.
- Sullivan admits that on or about August 12, 2011, it retained Pacific 48. Inspections, Inc. to conduct a physical inspection of Sunwest's business premises, which Pacific Inspections conducted on or about September 1, 2011. Except as 15 expressly admitted, Sullivan denies the allegations in paragraph 48 of the Third 16 | Party Complaint.
- Sullivan is without sufficient knowledge or information to form a belief 18 | as to the truth of the allegations in paragraph 49 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
 - Sullivan admits that on or about October 5, 2011, it received a written 50. loss control report prepared by Pacific Inspections, Inc., concerning Pacific Inspections' September 1, 2011 physical inspection of Sunwest's business premises, which report speaks for itself. Except as expressly admitted, Sullivan denies the allegations in paragraph 50 of the Third Party Complaint.
 - Sullivan admits that on or about October 5, 2011, it forwarded a copy 51. of Pacific Inspections, Inc.'s loss control report to Meadowbrook. Except as expressly admitted, Sullivan denies the allegations in paragraph 51 of the Third Party Complaint.

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52. Sullivan denies the allegations in paragraph 52 of the Third Party Complaint.

FORMATION OF STAR INSURANCE'S 2012-2013 INSURANCE POLICIES

- Sullivan denies that it received from Dunlaps in July 2012 an unsigned 53. insurance application dated July 14, 2012. Instead, Dunlaps submitted a signed application to Sullivan on September 24, 2012. The Acord Form No. 126 was dated June 14, 2012, and the other forms were undated. Except as expressly admitted or denied, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 53 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 54. Sullivan admits that on or about July 3, 2012, it provided a quote to Dunlaps concerning the renewal of the 2011 Star insurance policies issued to Sunwest. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 54 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 55. Sullivan admits that on or about September 24, 2012, Dunlaps on behalf of Sunwest submitted to Sullivan a new scrap recycling supplemental 18 | questionnaire, in connection with Dunlaps' request for renewal of the 2011 Star 19 insurance policies issued to Sunwest. Sullivan further admits that the new supplemental questionnaire was dated July 28, 2012, and that it purports to be signed by Mr. Hanan Stanley of Sunwest. Sullivan further admits that it forwarded to Meadowbrook, as Star's underwriting agent, the referenced scrap recycling supplemental questionnaire that Dunlaps had provided to Sullivan. Sullivan denies that it created the referenced supplemental questionnaire. Except as expressly admitted or denied, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 55 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

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- 56. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 56 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 57. Sullivan denies that it created or executed the 2012 Supplemental Questionnaire. Except as expressly denied, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 57 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 58. Sullivan admits that the 2012 Supplemental Questionnaire states that Sunwest owned or operated a bailing press. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 58 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 59. Sullivan admits that on or about August 12, 2011, as Star's agent, it commissioned Pacific Inspections, Inc. to conduct a physical inspection of Sunwest's business premises. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 59 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 60. Sullivan denies the allegations in paragraph 60 of the Third Party Complaint.
- 61. Sullivan admits that on or about October 5, 2011, it received a written loss control report prepared by Pacific Inspections, Inc., concerning Pacific Inspections' September 1, 2011 physical inspection of Sunwest's business premises, which report speaks for itself. Except as expressly admitted, Sullivan denies the allegations in paragraph 61 of the Third Party Complaint.
- Sullivan is without sufficient knowledge or information to form a belief 62. as to the truth of the allegations in paragraph 62 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

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- 63. Sullivan admits that on or about October 18, 2012, it sent an email to Dunlaps, which speaks for itself. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 63 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 64. Sullivan admits that on or about November 2, 2012, Dunlaps sent an email to Sullivan, which speaks for itself. Sullivan denies that it knew or should have known that statements contained in the referenced email were inaccurate. Except as expressly admitted or denied, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 64 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 65. Sullivan admits that after receiving Dunlaps' November 2, 2012 email, Sullivan did not inquire further regarding the extent of Sunwest's processing of paper and/or plastic. Except as expressly admitted, Sullivan denies the allegations in paragraph 65 of the Third Party Complaint.
- Sullivan admits that Star issued renewal policies to Sunwest, effective August 1, 2012 to August 1, 2013. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 66 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- Sullivan admits that Star issued Policy No. CP0585871 to Sunwest, 67. effective August 1, 2012 to August 1, 2013 (Property Policy), and that the premium for such policy was \$23,618.00. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 67 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 68. Sullivan admits that Star issued Policy No. CA0585871 to Sunwest, effective August 1, 2012 to August 1, 2013 (Garage Policy), and that the premium

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for such policy was \$38,769.00. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 68 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

THE POLICIES' IMPLIED COVENANT OF GOOD FAITH AND FAIR **DEALING**

69. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 69 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

THE APRIL 21, 2013 FIRE LOSS

70. Sullivan admits that Sunwest has advised that on April 21, 2013, it suffered a fire loss on its business premises, and that Sunwest contends that it has suffered in excess of \$1 million in resulting loss. Except as expressly admitted, 14 | Sullivan is without sufficient knowledge or information to form a belief as to the 15 truth of the allegations in paragraph 70 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

SUNWEST METALS REPORTS THE APRIL 21, 2013 FIRE LOSS TO STAR **INSURANCE**

Sullivan admits that on or about April 22, 2013, Sunwest notified 71. Sullivan of the April 21, 2013 fire on Sunwest's business premises. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 71 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

STAR INSURANCE'S DENIAL OF SUNWEST METALS' REQUEST FOR BENEFITS UNDER THE POLICIES

72. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 72 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

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- 73. Sullivan admits that Meadowbrook was assigned to assist Star's investigation of Sunwest's claim for policy benefits, relative to the April 21, 2013 fire loss. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 73 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 74. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 74 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 75. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 75 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 76. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 76 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 77. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 77 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 78. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 78 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 79. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 79 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 80. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 80 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 81. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 81 of the Third Party Complaint, and

on that basis denies the allegations in that paragraph.

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Sullivan is without sufficient knowledge or information to form a belief 82. as to the truth of the allegations in paragraph 82 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

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Sullivan is without sufficient knowledge or information to form a

belief as to the truth of the allegations in paragraph 82(a) of the Third Party

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Complaint, and on that basis denies the allegations in that paragraph.

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b. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 82(b) of the Third Party

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Complaint, and on that basis denies the allegations in that paragraph.

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c. Sullivan is without sufficient knowledge or information to form a

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belief as to the truth of the allegations in paragraph 82(c) of the Third Party

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Complaint, and on that basis denies the allegations in that paragraph.

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Sullivan is without sufficient knowledge or information to form a belief 83. as to the truth of the allegations in paragraph 83 of the Third Party Complaint, and

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on that basis denies the allegations in that paragraph.

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Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 83(a) of the Third Party

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Complaint, and on that basis denies the allegations in that paragraph.

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Sullivan is without sufficient knowledge or information to form a b.

belief as to the truth of the allegations in paragraph 83(b) of the Third Party

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Complaint, and on that basis denies the allegations in that paragraph.

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Sullivan is without sufficient knowledge or information to form a belief 84. as to the truth of the allegations in paragraph 84 of the Third Party Complaint, and

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on that basis denies the allegations in that paragraph.

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85. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 85 of the Third Party Complaint, and

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on that basis denies the allegations in that paragraph.

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- 86. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 86 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- a. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 86(a) of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- b. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 86(b) of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- c. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 86(c) of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 87. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 87 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- a. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 87(a) of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- b. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 87(b) of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 88. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 88 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- a. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 88(a) of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

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- Sullivan is without sufficient knowledge or information to form a b. belief as to the truth of the allegations in paragraph 88(b) of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- Sullivan is without sufficient knowledge or information to form a C. belief as to the truth of the allegations in paragraph 88(c) of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- Sullivan is without sufficient knowledge or information to form a belief 89. as to the truth of the allegations in paragraph 89 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 90. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 90 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- Sullivan is without sufficient knowledge or information to form a belief 91. as to the truth of the allegations in paragraph 91 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- Sullivan is without sufficient knowledge or information to form a belief 92. as to the truth of the allegations in paragraph 92 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- Sullivan is without sufficient knowledge or information to form a belief 93. as to the truth of the allegations in paragraph 93 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- Sullivan is without sufficient knowledge or information to form a belief 94. as to the truth of the allegations in paragraph 94 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- Sullivan is without sufficient knowledge or information to form a belief 95. as to the truth of the allegations in paragraph 95 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

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96	. Sullivan admits that on or about December 12, 2013, Star initiated this		
litigation	against Sunwest. Except as expressly admitted, Sullivan is without		
sufficien	t knowledge or information to form a belief as to the truth of the allegations		
in paragraph 96 of the Third Party Complaint, and on that basis denies the			
allegatio	ns in that paragraph.		

- 97. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 97 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 98. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 98 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

FIRST CLAIM FOR RELIEF

(For Breach of Contract of Insurance Against Star Insurance)

- 99. Sullivan incorporates herein its responses to paragraphs 1 through 98 of the Third Party Complaint, as though they were fully set forth herein.
- 100. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 100 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 101. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 101 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 102. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 102 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 103. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 103 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

SECOND CLAIM FOR RELIEF

(For Breach of the Covenant of Good Faith and Fair Dealing Against Star Insurance)

- 104. Sullivan incorporates herein its responses to paragraphs 1 through 103 of the Third Party Complaint, as though they were fully set forth herein.
- 105. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 105 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 106. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 106 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 107. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 107 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 108. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 108 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 109. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 109 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

THIRD CLAIM FOR RELIEF

(For Negligence Against Dunlaps, Sullivan Insurance and Does 6 Through 10, inclusive)

- 110. Sullivan incorporates herein its responses to paragraphs 1 through 109 of the Third Party Complaint, as though they were fully set forth herein.
- 111. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 111 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

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112. Sumvan is without sufficient i	knowledge of information to form a benef		
as to the truth of the allegations in paragraph 112 of the Third Party Complaint, and			
on that basis denies the allegations in that paragraph.			
110 0 111 1 1 1 1	1 . 1 . 1 . 1 . 1 . 1 . 1 . 1		

- Sullivan denies the allegations against it in paragraph 113 of the Third Party Complaint. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations against any other party in paragraph 113 of the Third Party Complaint, and on that basis denies such allegations.
- 114. Sullivan admits that Star has initiated this litigation against Sunwest, seeking rescission of policies that Star issued to Sunwest. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 114 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 115. Sullivan denies the allegations against it in paragraph 115 of the Third Party Complaint. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations against any other party in paragraph 115 of the Third Party Complaint, and on that basis denies such allegations.
- 116. Sullivan denies the allegations against it in paragraph 116 of the Third Party Complaint. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations against any other party in paragraph 116 of the Third Party Complaint, and on that basis denies such allegations.

FOURTH CLAIM FOR RELIEF

(For Breach of Fiduciary Duty Against Dunlaps and Does 6 through 10, Inclusive)

- Sullivan incorporates herein its responses to paragraphs 1 through 116 of the Third Party Complaint, as though they were fully set forth herein.
- 118. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 118 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

- 119. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 119 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 120. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 120 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

FIFTH CLAIM FOR RELIEF

(For Breach of Contract Against Dunlaps)

- 121. Sullivan incorporates herein its responses to paragraphs 1 through 120 of the Third Party Complaint, as though they were fully set forth herein.
- 122. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 122 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 123. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 123 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 124. Sullivan admits that Dunlaps received a commission from the placement of the Star insurance policies that are at issue in the Third Party Complaint. Except as expressly admitted, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 124 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 125. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 125 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 126. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 126 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

SIXTH CLAIM FOR RELIEF

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(For Equitable Indemnity Against Dunlaps, Sullivan Insurance, and Does 6 through 10, Inclusive)

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127. Sullivan incorporates herein its responses to paragraphs 1 through 126 of the Third Party Complaint, as though they were fully set forth herein.

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128. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 128 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

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129. Sullivan denies the allegations against it in paragraph 129 of the Third Party Complaint. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations against any other party in paragraph 129 of the Third Party Complaint, and on that basis denies such allegations.

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130. Sullivan denies the allegations against it in paragraph 130 of the Third Party Complaint. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations against any other party in paragraph 130 of

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the Third Party Complaint, and on that basis denies such allegations.

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131. Sullivan denies the allegations against it in paragraph 131 of the Third Party Complaint. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations against any other party in paragraph 131 of the Third Party Complaint, and on that basis denies such allegations.

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132. Sullivan denies the allegations against it in paragraph 132 of the Third Party Complaint. Sullivan is without sufficient knowledge or information to form a

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belief as to the truth of the allegations against any other party in paragraph 132 of the Third Party Complaint, and on that basis denies such allegations.

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SEVENTH CLAIM FOR RELIEF

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(For Declaratory Relief Against Star Insurance, Dunlaps, Sullivan Insurance, and Does 1 through 5, inclusive)

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133. Sullivan incorporates herein its responses to paragraphs 1 through 132

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& GARRETT LLP ATTORNEYS AT LAW of the Third Party Complaint, as though they were fully set forth herein.

- 134. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 134 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.
- 135. Sullivan admits that it denies any liability to Sunwest or Star. Except as expressly admitted, Sullivan denies the allegations against it in paragraph 135 of the Third Party Complaint. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations against any other party in paragraph 135 of the Third Party Complaint, and on that basis denies such allegations.
- 136. Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 136 of the Third Party Complaint, and on that basis denies the allegations in that paragraph.

PRAYER

- 1. Sullivan denies that Sunwest is entitled to judgment or any relief with respect to the allegations, claims and causes of action set forth against Sullivan in the Third Party Complaint, as requested in paragraph 1 of the Third Party Complaint's Prayer. Except as expressly denied, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 1 of the Third Party Complaint's Prayer, and on that basis denies the allegations in that paragraph.
- 2. Sullivan denies that Sunwest is entitled to judgment or any relief with respect to the allegations, claims and causes of action set forth against Sullivan in the Third Party Complaint, as requested in paragraph 2 of the Third Party Complaint's Prayer. Except as expressly denied, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 2 of the Third Party Complaint's Prayer, and on that basis denies the allegations in that paragraph.

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- 3. Sullivan denies that Sunwest is entitled to judgment or any relief with respect to the allegations, claims and causes of action set forth against Sullivan in the Third Party Complaint, as requested in paragraph 3 of the Third Party Complaint's Prayer. Except as expressly denied, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 3 of the Third Party Complaint's Prayer, and on that basis denies the allegations in that paragraph.
- Sullivan denies that Sunwest is entitled to judgment or any relief with respect to the allegations, claims and causes of action set forth against Sullivan in 10 the Third Party Complaint, as requested in paragraph 4 of the Third Party Complaint's Prayer. Except as expressly denied, Sullivan is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 4 of the Third Party Complaint's Prayer, and on that basis denies the allegations in that paragraph.
- Sullivan denies that Sunwest is entitled to judgment or any relief with 5. respect to the allegations, claims and causes of action set forth against Sullivan in the Third Party Complaint, as requested in paragraph 5 of the Third Party Complaint's Prayer. Except as expressly denied, Sullivan is without sufficient 19 | knowledge or information to form a belief as to the truth of the allegations in paragraph 5 of the Third Party Complaint's Prayer, and on that basis denies the allegations in that paragraph.

SEPARATE AND ADDITIONAL DEFENSES

Sullivan asserts the following separate and additional affirmative defenses as against the allegations in the Third Party Complaint. By alleging the following defenses, Sullivan is not conceding that it has any burden of proof or persuasion in connection with such defenses.

1 FIRST AFFIRMATIVE DEFENSE 2 (Failure to State a Cause of Action) 3 1. The Third Party Complaint, and each purported cause of action contained therein, fails to state a cause of action upon which relief may be granted 4 5 against Sullivan. 6 SECOND AFFIRMATIVE DEFENSE 7 (Statute of Limitations) 8 2. Sunwest's claims are barred by the applicable statutes of limitations, including but not limited to Sections 337, 338, 339, 340 and 343 of the California Code of Civil Procedure. 10 11 THIRD AFFIRMATIVE DEFENSE 12 (Comparative Fault) 13 3. Sunwest's claims are barred, in whole or in part, by Sunwest's failure to exercise ordinary care, caution or prudence, and the claimed damages were proximately caused and contributed to by Sunwest's negligence and are barred 15 and/or must be reduced in proportion to such negligence. 16 17 FOURTH AFFIRMATIVE DEFENSE 18 (Third Party Responsibility) 4. Other persons or entities were careless, negligent, at fault or 19 strictly liable regarding the matters alleged in the Third Party Complaint and this 21 carelessness, negligence, fault and/or strict liability proximately caused or contributed to the happening of the loss and/or damage complained of and, 22 therefore, should any damages be awarded, they must be apportioned among all 23 negligent, at fault and/or strictly liable persons. 24 25 FIFTH AFFIRMATIVE DEFENSE

(Superseding/Intervening Cause)

5. The damages and/or losses alleged by Sunwest were proximately caused or contributed to by an intervening and superseding cause.

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SIXTH AFFIRMATIVE DEFENSE 1 2 (Waiver) 3 6. Sunwest's claims may be barred by the doctrine of waiver. 4 SEVENTH AFFIRMATIVE DEFENSE 5 (Estoppel) Sunwest's claims may be barred by the doctrine of estoppel. 6 7. 7 EIGHTH AFFIRMATIVE DEFENSE 8 (Laches) Sunwest's claims may be barred by the doctrine of laches. 9 8. NINTH AFFIRMATIVE DEFENSE 10 11 (Unclean Hands) 9. Sunwest's claims may be barred by the doctrine of unclean 12 hands. 13 TENTH AFFIRMATIVE DEFENSE 14 15 (In Pari Dilecto) The Third Party Complaint is barred because Sunwest acted in 16 10. pari dilecto in bringing about the damages and/or losses claimed. 17 18 ELEVENTH AFFIRMATIVE DEFENSE 19 (Non-Economic Damages) 11. Sullivan's liability, if any, for non-economic damages shall be 20 several pursuant to the Fair Responsibility Act of 1986, including but not limited to 21 Sections 1431.2, 1431.3, 1431.5 and 1432 of the California Civil Code, so that 22 Sullivan shall be liable only for the amount of non-economic damages allocated to 23 Sullivan in direct proportion to its percentage of fault, if any. 24 TWELFTH AFFIRMATIVE DEFENSE 25 (Failure to Mitigate) 26 If any damage and/or loss have occurred as alleged in the Third 27 12. Party Complaint, such damages and/or losses should be reduced, in whole or in part,

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as a result of Sunwest's failure to mitigate its damages and/or losses. 1 THIRTEENTH AFFIRMATIVE DEFENSE 2 (Assumption of the Risk) 3 Any injuries, losses and/or damages suffered by Sunwest were 4 13. caused by risks which it was well aware of but voluntarily assumed. 5 FOURTEENTH AFFIRMATIVE DEFENSE 6 7 (Consent) Any injuries, losses or damages suffered by Sunwest was the 8 14. 9 result of its own conduct and consent. 10 FIFTEENTH AFFIRMATIVE DEFENSE 11 (Reliance) Sullivan relied on facts and information provided to it by 15. 12 13 Sunwest and others. SIXTEENTH AFFIRMATIVE DEFENSE 14 15 (Misrepresentation) 16 Any obligation or duty which Sunwest claims is owed to it by 16. Sullivan has been excused or extinguished based on misrepresentations by Sunwest. 17 18 SEVENTEENTH AFFIRMATIVE DEFENSE (Offset) 19 If Sunwest has received, or in the future may receive, proceeds 20 17. and/or funds as a consequence of the alleged damages and/or losses alleged in the 21 Third Party Complaint, then any award against Sullivan must be reduced in the 22 amount of all such proceeds and/or funds. 23 WHEREFORE, Sullivan prays for judgment as follows: 24 That Sunwest take nothing by way of its Third Party Complaint; 25 1. That the Third Party Complaint and each purported claim for relief 2. 26 asserted therein be dismissed with prejudice; 28 3. That Sullivan be awarded its costs incurred herein; and

For such other and further relief as the Court deems just and proper. 4. DATED: March 21, 2014 MUSICK, PEELER & GARRETT LLP By: /S/ Stephen M. Green Stephen M. Green Attorneys for Third Party Defendant G.J. SULLIVAN CO. EXCESS & SURPLUS LINES BROKERS (erroneously sued as G.J. SULLIVAN INSURANCE CO.)

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STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

At the time of service, I was over 18 years of age and **not a party to this action**. I am employed in the County of Los Angeles, State of California. My business address is One Wilshire Boulevard, Suite 2000, Los Angeles, California 90017-3383.

On March 21, 2014, I served true copies of the following document(s) described as *ANSWER TO COUNTERCLAIM AND THIRD PARTY COMPLAINT OF SUNWEST METALS, INC.* on the interested parties in this action as follows:

SEE ATTACHED SERVICE LIST

BY CM/ECF NOTICE OF ELECTRONIC FILING: I caused said document(s) to be served by means of this Court's electronic transmission of the Notice of Electronic Filing through the Court's transmission facilities, to the parties and/or counsel who are registered CM/ECF Users set forth in the service list obtained from this Court.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on March 21, 2014, at Los Angeles, California.

Tamara A. Waters

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